

## Message Text

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71

ORIGIN OPIC-12

INFO OCT-01 NEA-10 ISO-00 EB-11 OMB-01 TRSE-00 L-03 AID-20

IGA-02 /060 R

66614

DRAFTED BY: OPIC/GC: CFLIPMAN

APPROVED BY: E/IFD/OIA: MKENNEDY

OPIC/GC: CHUNT

OPIC/F: PMCCALLUM

EB/IFD: WHCOURTNEY

NEA/PAB: MR. CONSTABLE(SUBS)

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P 222205Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY KABUL PRIORITY

UNCLAS STATE 058219

EO11652 NA

TAGS/ EFIN

SUBJ: OPIC LOAN TO YAQUB LEATHER INDUSTRIES INCORPORATED  
(THE "COMPANY").

REF: A. STATE 046869

B. KABUL 1374

C. KABUL 1705

1. BALBIR MATHUR, JOHN KEENE AND ANOTHER GENESCO EMPLOYEE  
PLAN DEPART FOR KABUL MARCH 23. THEY WILL HAVE WITH THEM  
(I) COMMITMENT LETTER EXECUTED BY OPIC AND TO BE EXECUTED  
BY THE COMPANY UNDER WHICH OPIC AND THE COMPANY WILL AGREE  
TO ENTER INTO LOAN AGREEMENT ON CERTAIN TERMS, AND (II)  
REDRAFT OF THE LOAN AGREEMENT INCORPORATING RECENT  
UNDERSTANDINGS OF THE PARTIES INCLUDING IDBA.

2. WE HAVE BEEN AWARE OF ARTICLE 3, SECTION D OF 1967 FDPIL  
TAX EXEMPTION REFERRED TO PARA 2 REF C. HOWEVER, THERE IS PROBLEM  
WHICH SEEMS TO MAKE THIS PROVISION INAPPLICABLE TO OPIC'S  
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LOAN. OPIC WILL BE MAKING A USG LOAN, NOT A PRIVATE LOAN.

ARTICLE 2 DEFINING "SCOPE" OF FDPIL STATES THAT "PRIVILEGES... OF THIS LAW SHALL EXTEND TO ALL NEW, PRIVATE(REPEAT PRIVATE) INVESTMENTS IN AFGHANISTAN BY ANY REAL PERSON OR NON-GOVERNMENTAL (REPEAT NON-GOVERNMENTAL) LEGAL ENTITY...". THE PREAMBLE TO ARTICLE 3 FDPIL STATES THAT "INVESTMENTS WITHIN THE SCOPE (REPEAT, WITHIN THE SCOPE) OF THIS LAW... SHALL RECEIVE THE FOLLOWING FISCAL BENEFITS..." AND THEN MENTIONS THE TAX EXEMPTION.

3. SIMILAR PROBLEM MAY WELL EXIST FOR FX REPATRIATION UNDER ARTICLE 5  
FDPIL, REFERRED TO PARA 3 REF C.

4. ALTHOUGH THIS APPEARS TO EXCLUDE TAX EXEMPTIONS OF FDPIL ARTICLE 3, SECTION D AND PERHAPS FX REPATRIATION ASSURANCE OF ARTICLE 5 FROM OPIC'S GOVERNMENTAL LOAN, PLEASE ASK TARAKI TO INVESTIGATE AND REPORT. WE HAVE ASKED HIM ABOUT GOA TAX EXEMPTIONS AND FOREIGN EXCHANGE ASSURANCES FOR OPIC FROM THE DATE OF OUR EARLY CORRESPONDENCE AND DOCUMENTS, UNDERSTAND HE IS INVESTIGATING, BUT SO FAR HAVE NO SPECIFIC COMMENT. IF REPEAT IF FDPIL NOW DOES APPLY TO FOREIGN GOVERNMENTS AS WELL AS PRIVATE INVESTORS WE WOULD LIKE TARAKI'S OPINION TO EXPRESSLY SO STATE, AND THERE SHOULD BE NO FURTHER PROBLEM.

5. IF PRESENT AFGHAN LAW DOES NOT CLEARLY PROVIDE SUCH TAX EXEMPTIONS AND FX ASSURANCES FOR OPIC AS USG AGENCY, OPIC WOULD LIKE EMBASSY ASSISTANCE TO OBTAIN THEM ASAP, AS SUGGESTED LAST SENTENCE PARA 4 REF C. AS SOVEREIGN, USG THROUGH OPIC SHOULD NOT BE TAXED IN ANY FORM, INCLUDING STAMP AND FILING TAXES FOR LOANS AND MORTGAGES AND THE "SUQUQ" TAX AS WELL AS TAXES ON INTEREST INCOME REFERRED TO IN ARTICLE 3(D) FDPIL. USG BY STATUTE EXEMPTS FROM US TAXES INCOME EARNED BY FOREIGN COUNTRIES IN US. OPIC OBTAINS TAX EXEMPTIONS FOR ITS DIRECT LOANS (OF CONGRESSIONALLY APPROPRIATED FUNDS) IN EACH COUNTRY IN WHICH THEY ARE MADE. TAX EXEMPTIONS FOR FOREIGN SOVEREIGNS OUGHT NOT TO BE NEW OR CONTROVERSIAL CONCEPT FOR GOA.

6. PLEASE INVESTIGATE WHAT PRESENT AFGHAN LAW MAY PERMIT  
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A MEMBER OF ITS GOVERNMENT TO GRANT SUCH OPIC TAX EXEMPTIONS, IF ANY, AND FX ASSURANCES AND WHAT DOCUMENTATION IS INVOLVED. IN ANY EVENT, SOME SPECIFIC WRITTEN GOA RULING BY AUTHORIZED OFFICIAL CONFIRMING TAX EXEMPTIONS AND FX ASSURANCES WOULD BE NEEDED. WHAT PROCEDURE AND TIMING DOES EMBASSY FORESEE?

7. PLEASED TO NOTE TARAKI REPORT, PARA 7 REF C. OPIC WAITING

ADVICE AND ALL PROJECT DOCUMENTS PREVIOUSLY REQUESTED. PLEASE  
ASK TARAHI TO DELIVER COPIES FOR OPIC TO GENESCO REPRESENTATIVES  
MENTIONED PARA 1 ABOVE.

8. OPIC WILL BE PLEASED TO PAY TARAHI'S FEES SPECIFIED  
IN HIS USG PURCHASE ORDER DATED 1/25/74 AND DELIVERED TO HIM  
WITH LIPMAN'S LETTER OF 1/28/74, IMMEDIATELY UPON HIS  
SUBMISSION OF THE INVOICES AND INFORMATION REFERRED TO AT THE  
BOTTOM OF PAGE 1 OF THE PURCHASE ORDER, WHICH MAY BE FOR HIS  
SERVICES TO DATE. HIS MONTHLY FEE SHOULD BE AT THE RATE OF \$100  
PER MONTH FROM JULY 28, 1973 THROUGH OCTOBER 13, 1973,  
THE DATE OF THIS LETTER REQUESTING AN INCREASE, AND THEREAFTER  
AT THE RATE OF \$200 PER MONTH.

9. PLEASE ADVISE TARAHI OF FOREGOING AND PASS A COPY OF THIS TELEGRAM  
TO HIM.

10. THANK YOU AGAIN FOR YOUR ASSISTANCE.  
KISSINGER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LEATHER, BUSINESS FIRMS, FOREIGN EXCHANGE, DEVELOPMENT LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE058219  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** OPIC/GC: CFLIPMAN  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740062-0245  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740321/aaaaatsk.tel  
**Line Count:** 134  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** A. STATE 046869  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 JUL 2002  
**Review Event:**  
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**Review History:** RELEASED <12 JUL 2002 by elbezefj>; APPROVED <10 DEC 2002 by shawdg>  
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30 JUN 2005

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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OPIC LOAN TO Yaqub Leather Industries Incorporated (The "Company").  
**TAGS:** EFIN, AF, OPIC  
**To:** KABUL  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005